

Message Text

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C O N F I D E N T I A L STATE 170834

E.O. 11652: GDS

TAGS: UNGA, ECOSOC, EGEN

SUBJECT: UNGA 7TH SS - SUBSTANTIVE PREPARATIONS

REFS: A) GENEVA 5153 (NOTAL) C) GENEVA 5179 (NOTAL)

B) GENEVA 5363 (NOTAL) D) USUN 3139 (NOTAL)

1. DEPARTMENT APPRECIATES REPORTING ON LDC ATTITUDE TOWARD SPECIAL SESSION AND OPPORTUNITIES POSED BY SPLIT BETWEEN MODERATE AND HARDLINE MEMBERS OF GROUP. WE ALSO APPRECIATE THAT THE POSITION OF THE MODERATES DEPENDS IN PART ON THE CREDIBILITY OF OUR PROFESSED DECISION TO BE CONSTRUCTIVE. WE NEED TO BEAR IN MIND, HOWEVER, THAT THE SPECIAL SESSION WILL LAST ONLY TWO WEEKS; ACCORDINGLY, THERE IS A REAL LIMIT TO THE SUBSTANTIVE NEGOTIATIONS THAT CAN TAKE PLACE.

2. IT IS NOT NECESSARILY IN OUR INTERESTS TO WORK TOWARD A CONFIDENTIAL

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SUBSTANTIVE OUTCOME IN THE 7TH SS ON THE FORM AND INSTITUTIONAL FRAMEWORK OF ANY NEW INSTITUTIONS, SINCE THIS WILL INHIBIT OUR ABILITY TO NEGOTIATE THOSE ASPECTS IN THE COMPETENT MULTILATERAL FORUMS. DESCRIBED BELOW ARE A

NUMBER OF SUBSTANTIVE AREAS ON WHICH WE CAN MAKE PRELIMINARY COMMENTS AT THIS TIME, TOGETHER WITH SUGGESTIONS AS TO HOW THEY MIGHT BE DISPOSED OF DURING THE SPECIAL SESSION. IN GENERAL, THE DISCUSSIONS OF U.S. THINKING SHOULD BE JUDGED

FROM THE TEXTS OF THE SECRETARY'S SPEECHES AT KANSAS CITY AND THE OECD.

3. DEVELOPMENT OF COMPREHENSIVE PROPOSALS IN DETAIL, PARTICULARLY WHEN THEY INVOLVE CONTROVERSIAL POLICY QUESTIONS AND NEW DEPARTURES FROM PREVIOUS PRACTICES, CANNOT BE CONCLUDED IN A FEW DAYS. THEREFORE, IN DISCUSSING DEPARTMENT'S THINKING AT THIS POINT, YOU SHOULD EMPHASIZE THAT U.S. PLANNING IS MOVING FORWARD IN A CONSTRUCTIVE DIRECTION FROM THE POINT OF VIEW OF THE LDCS, THAT WE ARE BUILDING ON SECRETARY'S SPEECHES IN KANSAS CITY AND THE OECD, THAT WE HAVE BEEN LISTENING CAREFULLY TO THEIR EXPRESSIONS OF CONCERN, AND THAT WE WILL BE PURSUING WITH THEM AT THE GA, AND IN OTHER APPROPRIATE FORUMS, A SERIOUS DIALOGUE ON A RANGE OF NEW APPROACHES TO SOME OF OUR MOST PRESSING COMMON PROBLEMS. IN THAT SAME SPIRIT IT IS NOT USEFUL TO BE FACED WITH IMPLAUSIBLE OR ARTIFICIAL DEADLINES, SUCH AS JULY 21, BEYOND WHICH LDCS WOULD NOT BE PREPARED TO ENTERTAIN FURTHER PROPOSALS DURING GA. IF VIEWED LITERALLY THIS WOULD, FOR EXAMPLE, PRECLUDE THE U.S. FROM ADVANCING NEW POLICY INITIATIVES DURING THE ASSEMBLY

WHICH MAY BE RIPE FOR SURFACING AT THAT TIME.

4. AGAINST THIS BACKDROP AND IN AN EFFORT TO BE AS RESPONSIVE AS WE CAN TO THE POINTS RAISED IN YOUR TELEGRAMS, WE SUGGEST YOU FIRST SEE GROUP B MEMBERS, ADVISING THEM OF WHAT YOU PLAN TO SAY TO THE LDCS, INDICATING THAT THESE THOUGHTS ARE ESSENTIALLY REFINEMENTS OF IDEAS WE HAVE BEEN EXCHANGING WITH THEIR GOVERNMENTS ON THE SPECIAL SESSION SINCE THE BEGINNING OF THIS YEAR. FOLLOWING THIS YOU COULD PURSUE SIMILAR TALKS WITH LDC LEADERS IN CONFIDENTIAL

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GENEVA ON INDIVIDUAL OR GROUP BASIS AS YOU THINK BEST.

5. COMMODITIES:

A. WE ARE INTENSIVELY STUDYING EXPORT INCOME STABILIZATION MEASURES AS A PART OF OUR APPROACH TO THE PROBLEM OF THE COMPLEX INTER-RELATIONSHIPS BETWEEN COMMODITY TRADE AND DEVELOPMENT. INSTABILITY OF EXPORT EARNINGS IS A MAJOR INHIBITION TO DEVELOPMENT PLANNING AND IMPLEMENTATION BUT SUCH INSTABILITY IS DUE NOT ONLY TO THE WIDE FLUCTUATIONS IN COMMODITY PRICES BUT ALSO TO NATURAL DISASTERS AFFECTING NORMAL EXPORTS AND IMPORTS, WITHHOLDING OF STOCKS FROM MARKETS UNDER COMMODITY AGREEMENTS, AND IN SEVERAL CASES OF THE MORE ADVANCED LDCS, FROM SHARP

REDUCTIONS IN EXPORTS OF MANUFACTURED GOODS DUE TO EXTERNAL FACTORS SUCH AS THE CURRENT WORLDWIDE RECESSION.

B. COMPLEX ISSUES ARE INVOLVED SUCH AS THE PREFERRED MEANS TO ACHIEVE DESIRED RESULTS IN INDIVIDUAL CASES; THE FRAMEWORK FOR COMMODITY INSTITUTIONS; THE RELATIONSHIP TO THE EC'S STABEX PROGRAM; WHETHER TO TREAT ALL COUNTRIES ALIKE OR TAILOR THE OPERATION TO DEVELOPMENT NEEDS; TERMS OF FINANCING; THE PERCENTAGE OF COMPENSATION PROVIDED; ETC. AGREEMENT ON A SUBJECT SO COMPLEX CANNOT BE EXPECTED IN THE 7TH SS AND THE U/S. WOULD BE PREPARED TO FOLLOW UP IN OTHER APPROPRIATE FORUMS.

C. WE ARE AWARE THAT THE FIVE LARGEST RAW MATERIAL EXPORTERS IN INTERNATIONAL TRADE ARE DEVELOPED COUNTRIES; WE RECOGNIZE, HOWEVER, THAT THE VARIOUS COMMODITY PROBLEMS INVOLVE SIGNIFICANT DIFFICULTIES FOR MANY DEVELOPING COUNTRIES AS WELL. WE ARE PREPARED TO CONSIDER THESE DIFFICULTIES IN A SERIOUS MANNER WITH A VIEW TO DEVISING BROADLY BASED SOLUTIONS. WE PARTICIPATED IN THE SUCCESSFUL NEGOTIATIONS ON THE 5TH TIN AGREEMENT CONCLUDED LAST MONTH IN LONDON AND WE ARE NOW STUDYING WHETHER WE CAN JOIN THIS ARRANGEMENT; WE ARE PARTICIPATING IN NEGOTIATIONS FOR A NEW COFFEE AGREEMENT AND PLAN TO PARTICIPATE IN THE NEGOTIATIONS ON COCOA AND SUGAR;

D. OUR APPROACH TO COMMODITY PROBLEMS WILL NOT BE LIMITED TO PRICE STABILIZATION TECHNIQUES. FOR SOME
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COMMODITIES, OTHER APPROACHES MAY BE MORE APPROPRIATE, SUCH AS IMPROVEMENT IN PRODUCTIVE EFFICIENCY, BETTER MARKETING, DIVERSIFICATION OF PRODUCTION, ETC.

E. WE PLAN TO MAKE PROPOSALS IN THE MTN IN GENEVA RELATED TO COMMODITY TRADE THAT WOULD MAKE THESE TRADE NEGOTIATIONS STILL MORE MEANINGFUL TO THE DEVELOPING COUNTRIES. ONE APPROACH INVOLVES REDUCTION OF TARIFF ESCALATION ON PROCESSED RAW MATERIALS. WE RECOGNIZE THIS TYPE OF TARIFF ESCALATION ON PROCESSING AS WELL AS TAXES ON TROPICAL PRODUCTS, AND NON-TARIFF BARRIERS ON AGRICULTURAL PRODUCTS, ARE SUBJECTS FOR STUDY AND NEGOTIATION. WE WILL ALSO MAKE PROPOSALS TO PROVIDE TECHNICAL ASSISTANCE TO LDCS TO ASSIST THEM IN TAKING ADVANTAGE OF MFN REDUCTIONS IN TRADE BARRIERS RESULTING FROM THE MTN AS WELL AS THE GSP SCHEME OF THE US. AT THE SAME TIME WE BELIEVE IT APPROPRIATE TO DEAL WITH THE PROBLEM OF ACCESS TO SUPPLIES, INCLUDING A NEGOTIATION OF SUPPLY ACCESS COMMITMENTS AND RULES GOVERNING USE OF EXPORT LIMITATIONS.

F. WE ARE ADDRESSING THE INCREASINGLY DIFFICULT PROBLEM OF FINANCING FUTURE DEVELOPMENT OF RAW MATERIALS. FOLLOW-

ING UP ON SECRETARY KISSINGER'S KANSAS CITY SPEECH, WE WILL MAKE PROPOSALS LOOKING TOWARD INCREASED FINANCING BY THE WORLD BANK TO SUPPLEMENT THE FLOW OF PRIVATE AND PUBLIC FINANCIAL RESOURCES INTO RAW MATERIAL PRODUCTION.

6. WE ARE ALSO CONTEMPLATING MAKING CONCRETE PROPOSALS IN OTHER AREAS OF INTEREST TO THE LDCS. ON THESE YOU MAY SAY THE FOLLOWING:

A. INTERNATIONAL FOOD NEEDS: WE ARE CONTINUING TO PURSUE WORLD FOOD CONFERENCE INITIATIVES IN VARIOUS FORUMS AND HOPE TO HAVE MADE DEMONSTRABLE PROGRESS TOWARD A FOOD RESERVE SYSTEM BY SEPTEMBER.

ALTHOUGH THESE INITIATIVES MAY NOT REQUIRE SPECIFIC ACTION AT THE 7TH SS, WE BELIEVE THE UNGA SHOULD ENCOURAGE CONTINUED WORK IN THIS FIELD. FYI WE ARE NOT DISPOSED TO MAKING AN ISSUE OF INCLUDING FOOD PER SE ON A FORMAL AGENDA BUT WE WILL, CONFIDENTIAL

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OF COURSE, BE DISCUSSING IT. END FYI.

B. INTERNATIONAL FINANCIAL ASSISTANCE: AS WITH COMMODITIES, WE ARE TRYING TO DEVELOP A COMPREHENSIVE RESPONSE TO THE DEVELOPMENT FINANCE NEEDS OF THE LDCS. EXPORT EARNINGS STABILIZATION WOULD OF COURSE BE HIGHLY RELEVANT TO THESE NEEDS. WE ARE CONTINUING TO PRESS IN THE IMF FOR EARLY AGREEMENT ON OUR MAJOR INITIATIVE FOR A \$1.5 TO \$2.0 BILLION TRUST FUND, WHICH TOGETHER WITH IDA LENDING, PLUS FOOD AID AND OTHER FINANCING, SHOULD GO FAR TO ALLEVIATE THE POORER COUNTRIES BALANCE OF PAYMENTS PROBLEMS. THE SECRETARY ALSO HAS STATED THAT WE WILL PARTICIPATE IN AN APPROPRIATELY STRUCTURED INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD). FYI WE ARE PREPARED NOT TO PRESS FOR A SEPARATE AGENDA ITEM ON THE NEEDS OF THE POORER COUNTRIES SINCE MEASURES TO ASSIST THEM CAN BE SUBSUMED UNDER OTHER AGENDA ITEMS. WE REQUEST THE VIEW OF THE DELEGATION ON HOW BEST TO PROCEED TACTICALLY AND PROCEDURALLY ON THIS IN ORDER TO MAXIMIZE NEGOTIATING LEVERAGE ON OTHER ISSUES. END FYI. FOR THE MIDDLE-INCOME LDCS, WE ARE CAREFULLY STUDYING AND ACTIVELY DISCUSSING IN THE OECD AND IMF/IBRD DEVELOPMENT COMMITTEE WAYS TO IMPROVE LDC ACCESS TO INTERNATIONAL CAPITAL MARKETS. A DEVELOPMENT COMMITTEE WORKING GROUP

WAS ESTABLISHED THIS MONTH TO CONSIDER A POSSIBLE MULTILATERAL APPROACH. NEITHER THE TRUST FUND NOR THE MARKET ACCESS PROPOSAL, BEING UNDER ACTIVE CONSIDERATION IN COMPETENT ORGANIZATIONS, WOULD REQUIRE SPECIFIC SEVENTH SESSION ACTION; BOTH HAVE BEEN ENDORSED BY THE LDCS.

C. STRUCTURAL CHANGE OF THE UN SYSTEM: EVERYONE APPARENTLY REALIZES THAT IMPROVEMENT OF THE UN SYSTEM ORGANIZATIONAL STRUCTURE FOR DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION IS AN ABSOLUTE REQUIREMENT. THE SPECIAL SESSION WILL HAVE BEFORE IT THE RECOMMENDATIONS INCLUDED IN THE LONG AND COMPREHENSIVE REPORT OF THE GROUP OF EXPERTS ON THE STRUCTURE OF THE UNITED NATIONS SYSTEM. THIS REPORT CERTAINLY DESERVES SERIOUS STUDY. ALL INDICATIONS ARE THAT THE SPECIAL SESSION WILL NOT HAVE TIME

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EITHER TO ENDORSE OR REJECT THE DETAILED PROPOSALS OF THE REPORT AND THAT THERE WILL BE A CONSENSUS FOR FURTHER STUDY. WE CAN AGREE TO SUPPORT THE ESTABLISHMENT OF A COMMITTEE OF THE WHOLE TO STUDY THE RECOMMENDATIONS OF THE REPORT AND REPORT BACK TO THE GA BY THE 31ST SESSION AT THE LATEST.

7. IN YOUR DISCUSSIONS, THE DELEGATION SHOULD MAKE EVERY EFFORT TO TRY TO PREVENT A HOSTILE ENVIRONMENT FROM DEVELOPING WHICH COULD PREJUDICE A FAIR RECEPTION FOR U.S. INITIATIVES AT THE 7TH SS. YOU SHOULD POINT OUT THAT THE U.S. IS NOW ENGAGED IN A MAJOR REVIEW OF POSSIBLE NEW AND CONSTRUCTIVE VENTURES IN NORTH/SOUTH COOPERATION FOR DEVELOPMENT. THE LDCS SHOULD NOT EXPECT THAT THE SPECIFIC FRUITS OF THIS WORK SHOULD BE NECESSARILY READY BY A GIVEN DATE THIS SUMMER. WE WOULD HOPE THAT CONSTRUCTIVE PROPOSALS WOULD BE WELCOME WHENEVER WE ARE ABLE TO MAKE OR SUPPORT THEM.

8. WE REGARD THE 7TH SS AS PART OF A CONTINUING PROCESS IN WHICH WE HOPE TO PERCEIVE A RETURN TO MORE CONSTRUCTIVE DIALOGUE. MOST OF OUR PROPOSALS WILL CALL FOR FURTHER ANALYSIS AND NEGOTIATION BY SPECIALIZED AGENCIES OR SMALLER AD HOC GROUPS. IF WE ARE SUCCESSFUL IN CREATING AN ATMOSPHERE OF GREATER TRUST AND COOPERATION. PROBLEMS OF PROCEDURE AND DOCUMENTATION NEEDED TO ENSURE A SUCCESSFUL OUTCOME SHOULD BE MANAGEABLE.

9. THERE ARE SEVERAL CONSTRUCTIVE WAYS IN WHICH WE COULD FOLLOW THROUGH. WE MIGHT DISPOSE OF EACH ISSUE ON AN INDIVIDUAL BASIS ALTHOUGH THAT MIGHT RUN THE DANGER OF PROLIFERATION OF RESOLUTIONS OUTSIDE THE CONSENSUS. WE HAVE IN THE PAST ENCOURAGED THE BRITISH THREE-TIER

APPROACH, A MODIFIED VERSION OF WHICH MIGHT BE AN OUTCOME WE DESIRE. DECLARATIONS AND PROGRAMS OF ACTION, HOWEVER, WOULD RUN THE DANGER OF REOPENING THE NIEO, WHICH WE WISH TO AVOID AT ALL COSTS. THE CONCEPT OF THE THIRD TIER MAY BE NECESSARY TO ESTABLISH FOR THE G-77 THAT AGREEING THROUGH A CONSENSUS ON A LIMITED NUMBER OF ISSUES FOR

FURTHER WORK DOES NOT PRECLUDE FUTURE DISCUSSION AND
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NEGOTIATION IN THE UN ON OTHER LDC ISSUES.

10. AS WE NOTED IN A PREVIOUS CABLE, WE WERE DISTRESSED
AT THE CONTENT OF THE DOCUMENT OBTAINED BY AMBASSADOR
FERGUSON ON A CONFIDENTIAL BASIS THAT PURPORTS TO BE THE
FIRST DRAFT OF A NON-ALIGNED POSITION PAPER FOR THE 7TH
SS AND NOTE THAT IT SEEMS CLOSELY RELATED TO THE EARLIER
DRAFT CIRCULATED BY INDIA IN PREPCOM II ON THE GOALS OF
THE G-77 IN THE 7TH SS. IN YOUR DISCUSSIONS WITH THE
LDCS, YOU MAY WISH TO POINT OUT THAT IF SUCH CONTENTIOUS
DOCUMENTS ARE SUBMITTED TO THE 7TH SS, THE RESULT IS
LIKELY TO BE A REVIVAL OF THE CONFRONTATION THAT CHARACTER-
IZED THE 6TH SS, WHICH WE HOPE WE CAN AGREE IS IN OUR
MUTUAL INTEREST TO AVOID.

11. WE MUST EMPHASIZE TO USDEL THAT NONE OF THE ABOVE IS
TO BE TAKEN AS AUTHORIZATION FOR NEGOTIATIONS; IT IS ONLY
FOR PURPOSES OF INFORMAL CONSULTATIONS. KISSINGER

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<< END OF DOCUMENT >>

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